



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

February 17, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**ISSUANCE AND SALE OF
ALHAMBRA UNIFIED SCHOOL DISTRICT ELEMENTARY SCHOOLS
IMPROVEMENT DISTRICT
ELECTION OF 2008 GENERAL OBLIGATION BONDS, SERIES A
(FIRST AND FIFTH DISTRICTS) (3 VOTES)**

SUBJECT

The Board of Education of the Alhambra Unified School District (the "District Board"), acting as the governing board of the Alhambra Unified School District Elementary Schools Improvement District (the "Improvement District"), has requested that the County issue general obligation bonds on behalf of the Improvement District in an aggregate principal amount not to exceed \$50,000,000. The bonds were authorized by a vote of the qualified electors of the Improvement District and will be issued to finance capital improvements to various school facilities. Repayment of the bonds will be funded from the proceeds of ad valorem taxes levied on all taxable property within the Improvement District.

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the resolution authorizing the issuance and sale of the Alhambra Unified School District Elementary Schools Improvement District (Los Angeles County, California) Election of 2008 General Obligation Bonds, Series A.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On August 5, 2008, your Board adopted a resolution which permitted the formation of a school facilities improvement district within the boundaries of the Alhambra Unified School District for the purpose of issuing general obligation bonds to finance the costs of elementary school facilities.

On November 4, 2008, voters residing in the Improvement District approved a ballot measure authorizing the Improvement District to issue up to \$50,000,000 in general obligation bonds to fund various capital improvements. The District Board adopted a resolution on January 27, 2009 and determined that the Improvement District needs to borrow funds in an aggregate principal amount not to exceed \$50,000,000 to be used for authorized purposes. This will be the first issuance of bonds authorized under this ballot proposition.

Pursuant to Section 15100 et seq. of the California Education Code, the Board of Supervisors is responsible for offering the Improvement District's bonds for sale. The bonds are to be issued in the name and on behalf of the Improvement District by the County following receipt of the Improvement District's resolution requesting such borrowing.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #3: Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. It supports the Strategic Plan Goal #4: Fiscal Responsibility by providing investment in public school infrastructure within the County.

FISCAL IMPACT/FINANCING

There will be no fiscal impact to the County budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The resolution provides for the issuance of bonds at an interest rate not to exceed the maximum rate permitted by law. The final structure of the bonds will be determined at the time of pricing to achieve the lowest cost of financing within the tax levy limits of the proposition. The term of the bonds will not exceed twenty-five (25) years.

The Improvement District is recommending a negotiated sale of the bonds to the underwriter, with participation by the Treasurer and Tax Collector in pricing the bonds.

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The Improvement District has selected George K. Baum & Company as underwriter, and the firm of Stradling, Yocca, Carlson & Rauth as bond counsel. The Treasurer and Tax Collector will appoint U.S. Bank National Association as paying agent.

The County will annually levy and collect ad valorem taxes for the repayment of the bonds on behalf of the Improvement District.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not applicable.

CONCLUSION

Upon approval, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted resolution to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

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Attachments (3)

c: Chief Executive Officer
Auditor-Controller
County Counsel
Alhambra Unified School District Elementary Schools Improvement District
Los Angeles County Office of Education
Stradling, Yocca, Carlson & Rauth

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF ALHAMBRA UNIFIED SCHOOL DISTRICT ELEMENTARY SCHOOLS IMPROVEMENT DISTRICT (COUNTY OF LOS ANGELES, CALIFORNIA) ELECTION OF 2008 GENERAL OBLIGATION BONDS, SERIES A, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$50,000,000.

WHEREAS, a duly called general election (the "Election") was held in the Alhambra Unified School District Elementary Schools Improvement District, Los Angeles County, California (hereinafter referred to as the "Improvement District"), on November 4, 2008 and thereafter canvassed pursuant to law;

WHEREAS, at the Election there was submitted to and approved by an affirmative vote of the requisite fifty-five percent of the qualified electors of the Improvement District a question as to the issuance and sale of general obligation bonds of the Improvement District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$50,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the Improvement District (the "Authorization");

WHEREAS, at this time this Board of Supervisors of the County of Los Angeles (the "County Board") has received the resolution (the "Improvement District Resolution") of the Board of Education (the "School Board") of the Alhambra Unified School District (the "School District"), acting as the Governing Board (the "Governing Board") of the Improvement District, requesting the issuance of the first series of bonds under the Authorization in an aggregate principal amount not to exceed \$50,000,000, to be styled as "Alhambra Unified School District Elementary Schools Improvement District (Los Angeles County, California) Election of 2008 General Obligation Bonds, Series A (the "Bonds");

WHEREAS, pursuant to Chapter 1.5 and 2 of Part 10 of Division 1 of Title 1 of the California Education Code, commencing with Section 15264 *et seq.* (the "Act"), the Bonds are authorized to be issued for the purposes set forth in a ballot submitted to the voters;

WHEREAS, the Improvement District is a school facilities improvement district duly established and validly existing under the laws of the State of California, with the power to request the issuance of the Bonds pursuant to the Act;

WHEREAS, the Governing Board has authorized the sale of the Bonds at a negotiated sale, which the Governing Board has determined provides more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for George K. Baum & Company (the "Underwriter") to pre-market the Bonds to potential purchasers prior to the sale, all of which the Governing Board has determined will contribute to the Improvement District's goal of achieving the lowest overall cost of funds;

WHEREAS, the Governing Board has estimated that the costs associated with the issuance of the Bonds, including compensation to the Underwriter and any such costs which the Underwriter agrees to pay pursuant to the Purchase Contract (defined herein), will not exceed approximately 2.5% of the principal amount of the Bonds;

WHEREAS, the Governing Board has appointed Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California as Bond Counsel and Disclosure Counsel in connection with the issuance of the Bonds;

WHEREAS, the Governing Board has appointed George K. Baum & Company, Sacramento, California as Underwriter in connection with the issuance of the Bonds; and

WHEREAS, all acts, conditions and things required by law to be done or performed have been done or performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the Improvement District, and the indebtedness of the Improvement District, including this proposed issue of Bonds, is within all limits prescribed by law;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, AS FOLLOWS:

SECTION 1. Purpose of Bonds; Authorization. To raise money for the purposes authorized by voters of the Improvement District at the Election, the County of Los Angeles (the "County") authorizes the issuance of the Bonds in the name of the Improvement District and subject to the terms of the Act.

SECTION 2. Terms and Conditions of Sale. The Treasurer (as defined below) is hereby authorized to negotiate the sale of the Bonds in consultation with the Superintendent, the Deputy Superintendent and the Chief Operating Officer (collectively, the "Authorized District Officials") of the School District pursuant to the terms and conditions set forth in the Purchase Contract, as described below.

SECTION 3. Approval of Purchase Contract. The form of Purchase Contract (the "Purchase Contract") by and among the County, the Improvement District and the Underwriter, for the purchase and sale of the Bonds, substantially in the form presented at this meeting, is hereby approved and the Treasurer and Tax Collector of the County (the "Treasurer"), or an authorized designee, is hereby authorized to execute and deliver the Purchase Contract, and the Authorized District Officials, or a designated deputy thereof, each alone, is hereby authorized and requested to acknowledge the execution of such Purchase Contract, but with such changes therein, deletions therefrom and modifications thereto as the Treasurer shall approve, such approval to be conclusively evidenced by the Treasurer's execution and delivery thereof; provided, however, that the maximum interest rate on the Bonds shall not exceed the maximum rate authorized at the Election and the underwriter's discount, excluding original issue discount and costs of issuance to be paid by the Underwriter, thereon shall not exceed 1.10% of the aggregate of principal amount of Bonds issued. The Treasurer is further authorized to determine the principal amount of the Bonds to be specified in the Purchase Contract for sale by the County Board up to \$50,000,000 and to enter into and execute the Purchase Contract with the Underwriter and the Improvement District, if the conditions set forth in this Resolution are satisfied.

SECTION 4. Certain Definitions. As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract):

(a) **"Accreted Interest"** means, with respect to the Capital Appreciation Bonds, the Accreted Value thereof minus the Denominational Amount thereof as of the date of calculation.

(b) **“Accreted Value”** means with respect to the Capital Appreciation Bonds, as of the date of calculation, the Denominational Amount thereof, plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1, commencing on August 1, 2009 (unless otherwise provided in the Purchase Contract) at the stated Accretion Rate to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

(c) **“Accretion Rate”** means, unless otherwise provided by the Purchase Contract, that rate which, when applied to the Denominational Amount of any Capital Appreciation Bond and compounded semiannually on each February 1 and August 1 (commencing August 1, 2009), produces the Maturity Value on the maturity date.

(d) **“Bond Insurer”** means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal and Accreted Interest of and interest on the Bonds.

(e) **“Bond Payment Date”** means (unless otherwise provided by the Purchase Contract), with respect to the Current Interest Bonds, February 1 and August 1 of each year commencing August 1, 2009 with respect to the interest payments and August 1 of each year, commencing August 1, 2009, with respect to the principal payments, and, with respect to the Capital Appreciation Bonds, the stated maturity dates thereof, as applicable.

(f) **“Bond Registrar”** means the Treasurer and the Treasurer’s designated agent, successor or assignee, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent. As provided in Section 7 herein, the Treasurer is authorized to contract with any third party to perform the services of Bond Registrar under this Resolution.

(g) **“Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually on each Bond Payment Date to maturity as shown in the table of Accreted Value for such Bonds in the Official Statement.

(h) **“Chair of the Board of Supervisors”** means the Chair, Chairperson, or Chairman of the Board of Supervisors of the County of Los Angeles.

(i) **“Continuing Disclosure Certificate”** means that certain Continuing Disclosure Certificate executed by the School District and dated as of the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

(j) **“Current Interest Bonds”** means the Bonds the interest on which is payable semiannually on each Bond Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Purchase Contract.

(k) **“Denominational Amount”** means the initial principal amount of any Capital Appreciation Bond.

(l) **“Depository”** means the securities depository acting as Depository pursuant to Section 5(c) hereof.

(m) **“DTC”** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Bonds.

(n) **“Information Services”** means Financial Information, Inc.’s Daily Called Bond Service; Mergent, Inc.’s Called Bond Department; or Standard & Poor’s J.J. Kenny Information Services’ Called Bond Service.

(o) **“Maturity Value”** means the Accreted Value of any Capital Appreciation Bond on its maturity date.

(p) **“Nominee”** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 5(c) hereof.

(q) **“Official Statement”** means the Official Statement relating to the Bonds described in Section 16 hereof.

(r) **“Participants”** means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

(s) **“Principal”** or **“Principal Amount”** means, with respect to any Current Interest Bond, the principal or principal amount thereof and, with respect to any Capital Appreciation Bond, the Denominational Amount.

(t) **“Record Date”** means the fifteenth (15th) day of the month preceding each Bond Payment Date.

(u) **“Securities Depositories”** The Depository Trust Company, 55 Water Street, New York, New York 10041, Tel: (212) 855-1000 or Fax: (212) 855-7320.

(v) **“Term Bonds”** means those Bonds for which mandatory redemption dates have been established in the Purchase Contract.

(w) **“Transfer Amount”** shall mean, with respect to any Outstanding Current Interest Bond, the Principal Amount and, with respect to any Capital Appreciation Bond, the Maturity Value.

SECTION 5. Terms of the Bonds.

(a) **Denomination, Interest, Dated Dates.** The Bonds shall be issued as Bonds registered as to both principal and interest, in the denominations of, with respect to the Current Interest Bonds, \$5,000 Principal Amount or any integral multiple thereof (except for one odd denomination), and with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof (except for one odd denomination). The Bonds will be initially registered to “Cede & Co.,” the nominee of The Depository Trust Company, New York, New York.

Each Capital Appreciation Bond shall be dated, and shall accrete interest from, its date of initial issuance unless otherwise set forth in the Purchase Contract. Capital Appreciation Bonds will not bear interest on a current basis.

Each Current Interest Bond shall be dated its date of delivery or such date as shall appear in the Purchase Contract (the "Dated Date"), and shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2009, in which event it shall bear interest from the Dated Date. Interest on the Current Interest Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds shall bear or accrete interest at a rate or rates such that the interest rate or maximum interest cost shall not exceed the maximum rate permitted by law. Interest shall be payable on the respective Bond Payment Dates.

The Capital Appreciation Bonds shall mature in the years and shall be issued in the aggregate Denominational Amount set forth in the Purchase Contract and shall have an Accretion Rate and shall have Denominational Amounts per each five thousand dollars (\$5,000) in Maturity Value as shown in the Accreted Value Table appended to the Purchase Contract; provided, that in the event that the amount shown in such Accreted Value Table and the Accreted Value calculated by the Improvement District and approved by the Bond Insurer, if any, by application of the definition of Accreted Value set forth in Section 4 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond.

(b) Redemption.

(i) Optional Redemption. The Bonds shall be subject to optional redemption prior to their stated maturity dates as provided in the Purchase Contract.

(ii) Mandatory Redemption. The Bonds shall be subject to mandatory redemption from monies in the Debt Service Fund established herein prior to their stated maturity dates as provided in the Purchase Contract.

(iii) Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Bond Registrar identified below, upon written instruction from the Improvement District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Bond Registrar shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Bond Registrar shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Maturity Value thereof.

(iv) Notice of Redemption. When redemption is authorized or required pursuant to this Resolution, the Bond Registrar, upon written instruction from the Improvement District, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Bond Registrar, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only,

the Principal Amount of such Bond to be redeemed, and the original issue date, interest rate or Accretion Rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued or accreted to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue or accrete.

The Bond Registrar shall take the following actions with respect to such Redemption Notice:

(a) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register maintained by the Bond Registrar (the "Bond Register").

(b) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories.

(c) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

Neither failure to receive or failure to publish any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Bond Registrar for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(v) Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Bond Registrar shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the Improvement District shall be released and discharged thereupon from all liability to the extent of such payment.

(vi) Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the Improvement District's Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 5(b)(i) and (ii) hereof, together with interest accrued to such redemption date, shall be held by the Bond Registrar so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue or accrete and become payable. All money held by or on behalf of the Bond Registrar for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 5 shall be cancelled upon surrender thereof and be delivered to or upon the order of the County and the Improvement District. All or any portion of a Bond purchased by the County or the Improvement District shall be cancelled by the Bond Registrar.

(vii) Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Bond Registrar, in form satisfactory to it, and sufficient moneys shall be held by the Bond Registrar irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, in the case of Current Interest Bonds, accrued interest with respect thereto to the date fixed for redemption, all as provided in this Resolution, then such Bonds shall no longer be deemed Outstanding and shall be surrendered to the Bond Registrar for cancellation.

(c) Book-Entry System.

(i) Reserved.

(ii) Election of Book-Entry System. The County shall cause the delivery of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination (except for any odd denomination Bond). The ownership of each such Bond shall be registered in the Bond Register in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 5(c)(ii)(4).

With respect to book-entry Bonds, the Improvement District and the Bond Registrar shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the Improvement District and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an owner as shown in the Bond Register, of any notice with respect to book-entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the Improvement District redeems the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to Accreted Value, Principal, premium, if any, or interest on the book-entry Bonds. The Improvement District and the Bond Registrar may treat and consider the person in whose name each book-entry Bond is registered in the Bond Register as the absolute owner of such book-entry Bond for the purpose of payment of Accreted Value or Principal of and premium and interest on and to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all Accreted Value or Principal of and premium, if any, and interest on the Bonds only to or upon the order of the respective owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Improvement District's obligations with respect to payment of Accreted Value or Principal of, and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Bond Register, shall receive a certificate evidencing the

obligation to make payments of Accreted Value or Principal of, and premium, if any, and interest on the Bonds. Upon delivery by the Depository to the owner and the Bond Registrar, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word Nominee in this Resolution shall refer to such nominee of the Depository.

1. Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository's book-entry system, the Improvement District and the Bond Registrar shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Improvement District or the Bond Registrar any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the owners, as shown on the Bond Register. By executing a Letter of Representations, the School District shall agree to take all action necessary at all times so that the Improvement District will be in compliance with all representations of the Improvement District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the Improvement District and the Bond Registrar shall take such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify book-entry Bonds for the Depository's book-entry program.

2. Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Bonds, or (ii) the Improvement District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Bonds or the Improvement District, then the Improvement District will discontinue the book-entry system with the Depository. If the Improvement District determines to replace the Depository with another qualified securities depository, the Improvement District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such book-entry Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the Improvement District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Section 5(c).

3. Payments to Depository. Notwithstanding any other provision of this Resolution to the contrary, so long as all outstanding Bonds are held in book-entry and registered in the name of the Nominee, all payments with respect to Accreted Value or Principal of and premium, if any, or interest on the Bonds and all notices with respect to such Bonds shall be made and given, respectively to the Nominees, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Bond Registrar notwithstanding any inconsistent provisions herein.

4. Transfer of Bonds to Substitute Depository.

(A) The Bonds shall be initially issued as described in this Resolution, and as may be modified by the Purchase Contract. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to Section 5(c)(ii)(4)(A)(2) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the Improvement District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the Improvement District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(B) In the case of any transfer pursuant to Section 5(c)(ii)(4)(A)(1) or (2), upon receipt of all outstanding Bonds by the Bond Registrar, together with a written request of the Improvement District to the Bond Registrar designating the Substitute Depository, a single new Bond, which the Improvement District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the Improvement District. In the case of any transfer pursuant to Section 5(c)(ii)(4)(A)(3), upon receipt of all outstanding Bonds by the Bond Registrar, together with a written request of the Improvement District to the Bond Registrar, new Bonds, which the Improvement District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the Improvement District, provided that the Bond Registrar shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the Improvement District.

(C) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the Maturity Value or Principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in Maturity Value or Principal, in form acceptable to the Bond Registrar, all in accordance with the Letter of Representations. The Bond Registrar shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(D) The Improvement District and the Bond Registrar shall be entitled to treat the person in whose name any Bond is registered as the owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Bond Registrar or the Improvement District; and the Improvement District and the Bond Registrar shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the Improvement District nor the Bond Registrar shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its

successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Bond Registrar may rely conclusively on its records as to the identity of the owners of the Bonds.

SECTION 6. Execution of Bonds. The Bonds shall be executed by the Chair of the County Board and the Treasurer by their manual or facsimile signatures and countersigned by the manual or facsimile signature of and the seal of the County affixed thereto by the Executive Officer-Clerk of the County Board, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Bond Registrar as authenticating agent. Authentication by the Bond Registrar shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

SECTION 7. Bond Registrar; Transfer and Exchange. The County Board does hereby appoint the Treasurer to act as the authenticating agent, bond registrar, transfer agent and paying agent for the Bonds. The Treasurer is hereby authorized to contract with any third party to perform the services of Bond Registrar under this Resolution.

So long as any of the Bonds remain outstanding, the Bond Registrar to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in this Section. Subject to the provisions of Section 8 below, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond for all purposes of this Resolution. Payment of or on account of the Principal or Accreted Value of and premium, if any, and interest on any Bond shall be made only to or upon the order of that person; neither the Improvement District, the County nor the Bond Registrar shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the Improvement District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount upon presentation and surrender at the principal office of the Bond Registrar, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the principal office of the Bond Registrar together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. Upon exchange or transfer, the Bond Registrar shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date. Capital Appreciation Bonds and Current Interest Bonds may not be exchanged for one another.

If any Bond shall become mutilated, the County, at the expense of the Owner of said Bond, shall execute, and the Bond Registrar shall thereupon authenticate and deliver, a new Bond of like series, tenor and Transfer Amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Bond Registrar of the Bond so mutilated. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Bond Registrar and, if such evidence be satisfactory to the Bond Registrar and indemnity for the Bond Registrar, the County and the Improvement District satisfactory to the Bond Registrar shall be given

by the owner, the County, at the expense of the Bond owner, shall execute, and the Bond Registrar shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Bond Registrar may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Bond Registrar). The Bond Registrar may require payment of a reasonable fee for each new Bond issued under this paragraph and of the expenses which may be incurred by the County and the Bond Registrar.

If manual signatures on behalf of the County are required in connection with an exchange or transfer, the Bond Registrar shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the authorized officers of the County. In all cases of exchanged or transferred Bonds, the County shall sign and the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the Improvement District, evidencing the same debt, and entitled to the same security and benefit under this Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Bond Registrar for payment, retirement, exchange, replacement or transfer shall be cancelled by the Bond Registrar. The Improvement District and the County may at any time deliver to the Bond Registrar for cancellation any previously authenticated and delivered Bonds that the Improvement District and the County may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Bond Registrar. As requested by the County, written reports of the surrender and cancellation of Bonds shall be made to the Improvement District and the County by the Bond Registrar. The cancelled Bonds shall be retained for two years, then returned to the Improvement District or destroyed by the Bond Registrar as directed by the Improvement District.

Neither the Improvement District, the County nor the Bond Registrar will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

SECTION 8. Payment. Payment of interest on any Current Interest Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Bond Registrar as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by check mailed to such Owner on the Bond Payment Date at his address as it appears on such registration books or at such other address as he may have filed with the Bond Registrar for that purpose on or before the Record Date. The Owner in an aggregate Principal Amount or Maturity Value of \$1,000,000 or more may request in writing to the Bond Registrar that such Owner be paid interest by wire transfer to the bank and account number on file with the Bond Registrar as of the Record Date. The principal, and redemption price, if any, payable on the Current Interest Bonds and the Accreted Value and redemption price, if any, on the Capital Appreciation Bonds shall be payable upon maturity or redemption upon surrender at the principal office of the Bond Registrar. The Principal, interest, Accreted Value and premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Bond Registrar is hereby authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon

payment thereof. The Bonds are general obligations of the Improvement District and do not constitute an obligation of the County except as provided in this Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

SECTION 9. Form of Bonds. The Bonds shall be in substantially the following form, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution and the Purchase Contract.

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(Form of Current Interest Bond)

REGISTERED
NO. \$

REGISTERED

ALHAMBRA UNIFIED SCHOOL DISTRICT
ELEMENTARY SCHOOLS IMPROVEMENT DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
ELECTION OF 2008 GENERAL OBLIGATION BOND, SERIES A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED AS OF:</u>	<u>CUSIP</u>
___% per annum	August 1, ____	Date of Delivery	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Alhambra Unified School District Elementary Schools Improvement District (the "Improvement District") in the County of Los Angeles, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2009. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2009, in which event it shall bear interest from its date of delivery. Interest on this bond shall be computed on the basis of a 360-day year of twelve 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Bond Registrar, initially the Treasurer and Tax Collector of the County of Los Angeles. Principal is payable upon presentation and surrender of this bond at the principal office of the Bond Registrar. Interest is payable by check or draft mailed by the Bond Registrar on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"). The Owner of Current Interest Bonds in the aggregate principal amount of \$1,000,000 or more may request in writing to the Bond Registrar that the Owner be paid interest by wire transfer to the bank and account number on file with the Bond Registrar as of the Record Date.

This bond is one of an authorization of \$_____ of bonds approved for the purpose of raising money for the purposes authorized by the voters of the Improvement District at the Election (defined below) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, an affirmative vote of the requisite fifty-five percent of the electors of the Improvement District cast at a special election held on November 4, 2008, upon the question of issuing bonds in the amount of

\$50,000,000 (the "Election"), the resolution of the Board of Education of the Alhambra Unified School District acting as the Governing Board of the Improvement District adopted on January 27, 2009 (the "Improvement District Resolution"), and the resolution of the County Board of Supervisors adopted on February 17, 2009 (the "Bond Resolution"). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the Improvement District, which taxes are unlimited as to rate or amount. The bonds of this issue are general obligations of the Improvement District and do not constitute an obligation of the County except as provided in the Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

The bonds of this issue are comprised of \$_____ principal amount of Current Interest Bonds, of which this bond is a part (a "Current Interest Bond") and Capital Appreciation Bonds of which \$_____ represents the Denominational Amount and \$_____ represents the Maturity Value.

This bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the principal office of the Bond Registrar in Los Angeles, California, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Bond Registrar, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The Improvement District, the County and the Bond Registrar may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the Improvement District, the County nor the Bond Registrar shall be affected by any notice to the contrary.

Neither the Improvement District, the County nor the Bond Registrar will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any bond which has been selected or called for redemption in whole or in part.

The Current Interest Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Current Interest Bonds maturing on or after August 1, 20__ are subject to redemption at the option of the Improvement District as a whole or in part on any date on or after August 1, 20__, at a redemption price equal to the principal amount of the Current Interest Bonds to be redeemed, plus interest thereon to the date fixed for redemption, without premium.

The Current Interest Bonds maturing on August 1, 20__, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

Redemption Dates

Principal Amounts

TOTAL

If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds or portions of bonds of such maturity to be redeemed shall be selected by lot by the Improvement District in such manner as the Improvement District in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof. If less than all of the bonds stated to mature on different dates shall be called for redemption, the particular bonds or portions thereof to be redeemed shall be called in any order of maturity selected by the Improvement District or, if not so selected, in the inverse order of maturity.

Reference is made to the Bond Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the bonds of this series, the rights, duties and obligations of the Improvement District, the County, the Bond Registrar and the Registered Owners, and the terms and conditions upon which the bonds are issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the bonds in order to make them legal, valid and binding general obligations of the Improvement District, have been performed and have been met in regular and due form as required by law; that payment in full for the bonds has been received; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the Improvement District in an amount sufficient to pay principal and interest when due.

This bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been signed.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the County of Los Angeles, California, has caused this bond to be executed on behalf of the Improvement District and in their official capacities by the manual or facsimile signatures of the Chair of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the County Board all as of the date stated above.

COUNTY OF LOS ANGELES, CALIFORNIA

By: _____
Chair of the Board of Supervisors

COUNTERSIGNED:

Executive Officer-Clerk
of the Board of Supervisors

By: _____
Treasurer and Tax Collector

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2009.

TREASURER AND TAX COLLECTOR OF
LOS ANGELES COUNTY, as Paying Agent

By: U.S. BANK NATIONAL ASSOCIATION, as
agent

By: _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee): _____ this bond and irrevocably constitutes and appoints attorney to transfer this bond on the books for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee:

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

(Form of Capital Appreciation Bond)

REGISTERED
NO. \$

REGISTERED

ALHAMBRA UNIFIED SCHOOL DISTRICT
ELEMENTARY SCHOOLS IMPROVEMENT DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
ELECTION OF 2008 GENERAL OBLIGATION BOND, SERIES A

<u>ACCRETION RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED AS OF:</u>	<u>CUSIP</u>
	August 1, ____	Date of Delivery	

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The Alhambra Unified School District Elementary Schools Improvement District (the "Improvement District") in the County of Los Angeles, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, such Maturity Value being comprised of the Denominational Amount and interest accreted thereon. This bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2009, at the Accretion Rate specified above to the Maturity Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denomination Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months. Accreted Value and redemption premium, if any, are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Bond Registrar, initially the Treasurer and Tax Collector of the County of Los Angeles. Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Bond Registrar.

This bond is one of an authorization of \$_____ of bonds approved for the purpose of raising money for the purposes authorized by the voters of the Improvement District at the Election (defined below) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, an affirmative vote of the requisite fifty-five percent of the electors of the Improvement District cast at an election held on November 4, 2008 (the "Election"), upon the question of issuing bonds in the amount of \$50,000,000, the resolution of the Board of Education of the Alhambra Unified School District acting as the Governing Board of the Improvement District adopted on January 27, 2009 (the "Improvement District Resolution") and the resolution of the County Board of Supervisors adopted on February 17, 2009 (the "Bond Resolution"). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the Improvement District, which taxes are unlimited as to rate or amount. The bonds of this issue are general obligations of the Improvement District and do not

constitute an obligation of the County except as provided in the Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

The bonds of this issue are comprised of \$_____ principal amount of Current Interest Bonds (each a "Current Interest Bond") and Capital Appreciation Bonds, of which this bond is a part, in the Denominational Amount of \$_____ and the Maturity Value of \$_____.

This bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the principal office of the Bond Registrar in Los Angeles, California, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Bond Registrar, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The Improvement District, the County and the Bond Registrar may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the Improvement District, the County nor the Bond Registrar shall be affected by any notice to the contrary.

Neither the Improvement District, the County nor the Bond Registrar will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any bond which has been selected or called for redemption in whole or in part.

The Capital Appreciation Bonds are not subject to redemption prior to maturity.

Reference is made to the Bond Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Capital Appreciation Bonds of this series, the rights, duties and obligations of the Improvement District, the County, the Bond Registrar and the Registered Owners, and the terms and conditions upon which the bonds are issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the bonds in order to make them legal, valid and binding general obligations of the Improvement District, have been performed and have been met in regular and due form as required by law; that payment in full for the bonds has been received; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the Improvement District in an amount sufficient to pay principal and interest when due.

This bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been signed.

IN WITNESS WHEREOF, the County of Los Angeles, California, has caused this bond to be executed on behalf of the Improvement District and in their official capacities by the manual or facsimile signatures of the Chair of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the County Board all as of the date stated above.

COUNTY OF LOS ANGELES, CALIFORNIA

By: _____
Chair of the Board of Supervisors

COUNTERSIGNED:

Executive Officer-Clerk
of the Board of Supervisors

By: _____
Treasurer and Tax Collector

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2009.

TREASURER AND TAX COLLECTOR OF
LOS ANGELES COUNTY, as Paying Agent

By: U.S. BANK NATIONAL ASSOCIATION, as
agent

By: _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and ZIP code of Transferee): _____
this bond and irrevocably constitutes and appoints attorney to transfer this bond on the books for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or by any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

SECTION 10. Delivery of Bonds. The proper officials of the County shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered to the original purchaser upon payment of the purchase price therefor.

SECTION 11. Deposit of Proceeds of Bonds. (a) The proceeds from the sale of the Bonds, to the extent of the Denominational Amount and the Principal Amount thereof, shall be paid to the County to the credit of the fund hereby created and established and to be known as the "Alhambra Unified School District Elementary Schools Improvement District, Election of 2008 General Obligation Bonds, Series A Building Fund" (the "Building Fund"), shall be kept separate and distinct from all other Improvement District, School District and County funds, and those proceeds shall be used solely for the purpose for which the Bonds are being issued, provided further that such proceeds shall be applied solely to such purposes as authorized by the Election. The accrued interest and any premium received by the County from the sale of the Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the "Alhambra Unified School District Elementary Schools Improvement District, Election of 2008 General Obligation Bonds, Series A Debt Service Fund" (the "Debt Service Fund") for the Bonds and used only for payment of Accreted Value or Principal of and interest on the Bonds. Interest earnings on monies held in the Building Fund shall be retained in the Building Fund. Interest earnings on monies held in the Debt Service Fund shall be retained in the Debt Service Fund. Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of Accreted Value or Principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the General Fund of the School District.

(b) Subject to federal tax restrictions, monies in the funds created hereunder shall be invested in the County treasury pursuant to law and the investment policy of the County. At the written direction of the School District, the proceeds of the Bonds may be invested in any lawful investment permitted by Sections 16429.1 and 53601 of the Government Code of the State of California (the "Government Code") or in shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code or in the Local Agency Investment Fund managed by the California State Treasurer..

Except as required below to satisfy the requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the Accreted Value or Principal of and interest on the Bonds when due.

SECTION 12. Rebate Fund.

(a) The School District, on behalf of the Improvement District, shall create and establish a special fund designated the "Alhambra Unified School District Elementary Schools Improvement District, Election of 2008 General Obligation Bonds, Series A Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate to be executed by the Improvement District.

(b) Within forty-five (45) days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), (1) the Improvement District shall calculate or cause to be calculated with respect to the Bonds the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Treasury Regulations, using as the “computation date” for this purpose the end of such Bond Year, and (2) the Improvement District shall deposit to the Rebate Fund from amounts on deposit in the other funds established hereunder or from other Improvement District funds, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the “rebate amount” so calculated. The Improvement District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence, if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section. The Improvement District shall not be required to calculate the “rebate amount” and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the Improvement District under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the Improvement District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Any funds remaining in the Rebate Fund after redemption of all the Bonds and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the Improvement District, including accrued interest, shall be remitted to the Improvement District.

(d) Subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the Improvement District shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than sixty (60) days after the end of (i) the fifth (5th) Bond Year, and (ii) each fifth (5th) Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than sixty (60) days after the payment of all Bonds, an amount equal to one hundred percent (100%) of the “rebate amount” calculated as of the date of such payment (and any income attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Improvement District shall calculate (or have calculated) the amount of such

deficiency and deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(f) Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by the Improvement District.

(g) In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, the Improvement District shall withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) The Improvement District shall retain records of all determinations made hereunder until six years after the complete retirement of the Bonds.

(i) Notwithstanding anything in this Resolution to the contrary, the rebate requirement shall survive the payment in full or defeasance of the Bonds.

SECTION 13. Security for the Bonds. There shall be levied on all the taxable property in the Improvement District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Bonds are outstanding in an amount sufficient to pay the principal and Accreted Value of and interest on the Bonds when due, which monies when collected will be placed in the Debt Service Fund of the Improvement District, which fund is irrevocably pledged for the payment of the principal and Accreted Value of and interest on the Bonds when and as the same fall due.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal and Accreted Value of and interest on the Bonds as the same become due and payable, shall be transferred by the Treasurer, at the School District's request, to the Bond Registrar which, in turn, shall pay such moneys to DTC to pay the principal and Accreted Value of and interest on the Bonds. DTC will thereupon make payments of principal and Accreted Value and interest on the Bonds to the DTC Participants who will thereupon make payments of principal and Accreted Value and interest to the beneficial owners of the Bonds. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the General Fund of the School District, pursuant to the Education Code Section 15234.

SECTION 14. Arbitrage Covenant. The County acknowledges that the Improvement District has covenanted that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed under that Section or any predecessor section. Calculations for determining arbitrage requirements are the sole responsibility of the Improvement District.

SECTION 15. Conditions Precedent. Based in part on representations of the School District, this County Board determines that all acts and conditions necessary to be performed by the County Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the Improvement District have been performed and

have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

SECTION 16. Reserved.

SECTION 17. Insurance. In the event the Improvement District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the principal, interest or Accreted Interest on the Bonds, it shall become the owner of such Bonds with the right to payment of principal, interest or Accreted Interest on the Bonds, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest components, the Bond Registrar shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by the Bond Registrar upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due Principal or Accreted Value, the Bond Registrar shall note the Bond Insurer as subrogee on the registration books for the Bonds maintained by the Bond Registrar upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

SECTION 18. Defeasance. All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) **Cash:** by irrevocably depositing with the County or with an independent escrow agent selected by the School District an amount of cash which together with amounts then on deposit in the Debt Service Fund (as herein defined) is sufficient to pay all Bonds outstanding and designated for defeasance, including all Principal and interest and premium, if any; or

(b) **Government Obligations:** by irrevocably depositing with the County or with an independent escrow agent selected by the School District noncallable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all Principal and interest represented thereby and prepayment premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the School District and the County with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the County and the Bond Registrar or an independent escrow agent selected by the School District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, Government Obligations shall mean:

Direct and general obligations of the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations that are unconditionally guaranteed as to principal and interest by the United

States of America, or “prerefunded” municipal obligations rated in the highest rating category by Moody’s Investors Service or Standard & Poor’s. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed “AAA” by Standard & Poor’s or “Aaa” by Moody’s Investors Service.

SECTION 19. Other Actions. Officers of the County Board and County officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

SECTION 20. Amendments. (a) The County may from time to time (which may be at the request of the School District, made in writing), and at any time, without notice to or consent of any of the Owners, by action of the County Board, amend the provisions of this Resolution for any of the following reasons:

(1) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or therein, or to make any other provision with respect to matters or questions arising under this Resolution, provided that such action shall not adversely affect the interests of the Bond owners;

(2) to add to the covenants and agreements of and the limitations and the restrictions upon the School District or the Improvement District contained in this Resolution which are not contrary to or inconsistent with this Resolution as theretofore in effect; and

(3) to modify, alter, amend or supplement this Resolution in any other respect which is not materially adverse to the Bond owners.

In the event of any such amendment, the County shall promptly provide the School District and the Bond Registrar with copies of such amendment and the action of the County Board approving such amendment.

(b) Notwithstanding any other provision herein, the provisions of this Resolution as they relate to the terms of the Bonds may be amended by the Purchase Contract.

SECTION 21. Continuing Disclosure. The School District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Any Bondholder may take such actions as may be necessary and appropriate, including seeking

mandate or specific performance by court order, to cause the School District to comply with its obligations under this Section

SECTION 22. Unclaimed Funds. Notwithstanding any other provisions of this Resolution, any moneys held in any fund created pursuant to this Resolution, or by the Bond Registrar in trust, for the payment of the principal of, redemption premium, if any, interest in Maturity Value on the Bonds and remaining unclaimed for one year after the principal of all of the Bonds have become due and payable (whether by maturity or upon prior redemption) shall be, after payment in full of the Bonds, transferred to the general fund of the School District to be applied in accordance with law; provided, however, that the Bond Registrar, before making such payment, shall cause notice to be mailed to the Owners of all Bonds that have not been paid, by first-class mail at the addresses on the Bonds register, postage prepaid, no less than 90 days prior to the date of such payment. Thereafter, the School District shall have all responsibility and liability for the payment of such Bonds.

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SECTION 23. Effective Date. This Resolution shall take effect immediately upon its passage.

The foregoing resolution was on the 17th day of February, 2009, adopted by the County Board and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI, Executive Officer-Clerk
of the Board of Supervisors of the County of
Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
COUNTY COUNSEL

By:  _____
Principal Deputy County Counsel

§ _____
**ALHAMBRA UNIFIED SCHOOL DISTRICT
ELEMENTARY SCHOOLS IMPROVEMENT DISTRICT
(Los Angeles, California)
Election of 2008 General Obligation Bonds, Series A

PURCHASE CONTRACT**

_____, 2009

County of Los Angeles
Treasurer and Tax Collector
500 West Temple Street
437 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Board of Education
Alhambra Unified School District
as the Governing Board of the Alhambra Unified School District
Elementary Schools Improvement District
1515 West Mission Road
Alhambra, California 91803

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this Purchase Contract (the "Purchase Contract") with the County of Los Angeles, California (the "County"), and the Alhambra Unified School District (the "School District"), acting on behalf of the Alhambra Unified School District Elementary Schools Improvement District (the "Improvement District"), which, upon the acceptance by the County and the Improvement District hereof, will be binding upon the County and the School District and the Underwriter. This offer is made subject to the written acceptance of the Purchase Contract by the County and the School District and delivery of such acceptance to the Underwriter at or prior to 11:59 P.M., California Time, on the date hereof.

1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the Improvement District to the Underwriter for such purpose, all (but not less than all) of \$ _____ aggregate principal amount of the Alhambra Unified School District Elementary Schools Improvement District Election of 2008 General Obligation Bonds, Series A (the "Bonds"). The Bonds shall bear or accrete interest at the rates and shall mature in the years and shall be subject to redemption as shown on Appendix A hereto, which is incorporated herein by reference. The Current Interest Bonds (as defined in the County Resolution described below) shall bear interest payable from the date thereof as specified in Section 2 herein on each February 1 and August 1 commencing August 1, 2009. The Capital Appreciation Bonds (as defined in the County Resolution

described below), shall accrete interest from their date, as specified in Section 2 herein, compounded semiannually on February 1 and August 1, commencing on August 1, 2009, and shall be paid at maturity as shown in Appendix A hereto. The Underwriter shall purchase the Bonds at a price of \$_____, which is equal to the principal amount of the Bonds of \$_____, plus net original issue premium of \$_____, less Underwriter's discount of \$_____, less \$_____ to be retained by the Underwriter to pay certain costs of issuance in accordance with Section 13 hereof.

2. The Bonds. The Bonds shall be dated their date of delivery. The Bonds shall mature on August 1 in the years shown in Appendix A hereto, except as provided herein, shall otherwise be as described in the Official Statement (defined herein), and shall be issued and secured pursuant to the provisions of the Resolution of the Board of Education of the School District, acting as the Governing Board of the Improvement District, adopted on _____, 2009 (the "Improvement District Resolution"), the Resolution of the Board of Supervisors of the County adopted on _____, 2009 (the "County Resolution" and collectively with the Improvement District Resolution, the "Resolutions"), and Chapters 1.5 and 2 of Part 10 of Division 1 of Title I of the California Education Code and other applicable law (the "Act").

3. Use of Documents. The School District and the County hereby authorize the Underwriter to use, in connection with the offer and sale of the Bonds, the Purchase Contract, the Official Statement (defined below), and the Resolutions, and all information contained herein and therein and all of the documents, certificates or statements furnished by the School District or the County to the Underwriter in connection with the issuance and offering of the Bonds (except as such documents otherwise provide).

4. Public Offering of the Bonds. The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering price or yield to be set forth on the inside cover page of the Official Statement and Appendix A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds.

5. Review of Official Statement. The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2009 (the Preliminary Official Statement"). The School District represents that it has deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount and maturity value, principal amount and maturity value per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the final Official Statement (the "Official Statement") relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

The Underwriter hereby represents that it will provide, consistent with the requirements of Municipal Securities Rulemaking Board ("MSRB") Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Bonds within twenty-five (25) days of the Closing (defined herein), and deliver a copy of the Official Statement to a repository recognized by the Municipal Securities Rulemaking Board on or before the Closing Date, and that it will otherwise comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

6. Closing. At 8:00 A.M., California Time, on _____, 2009, or at such other time or on such other date as shall have been mutually agreed upon by and among the Improvement District, the County, and the Underwriter (the "Closing"), the School District will cause to be delivered to the Underwriter (except as otherwise provided in the Resolutions), at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as may mutually be agreed upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel") in San Francisco, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to or upon the order of the Improvement District.

7. Representations, Warranties and Agreements of the School District. The School District hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization of the Improvement District. The Improvement District is a school facilities improvement district duly established and validly existing under the laws of the State of California, with the power to request the issuance of the Bonds pursuant to the Act.

(b) Due Organization of the School District. The School District is a unified school district duly established and validly existing under the laws of the State of California.

(c) Due Authorization. (i) At or prior to the Closing, the School District, acting on behalf of the Improvement District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the School District, acting on behalf of the Improvement District, has full legal right, power and authority to enter into this Purchase Contract, to adopt the Improvement District Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the School District of, the obligations contained in the Bonds, the Resolutions and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing, and (iv) the Purchase Contract constitutes a valid and legally binding obligation of the Improvement District.

(d) Consents. Except for the actions of the parties hereto, no consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds, or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that neither the Improvement District nor the School District shall be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(e) Internal Revenue Code. The School District and the Improvement District have complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(f) No Conflicts. To the best knowledge of the School District, the issuance of the Bonds, and the execution, delivery and performance of the Purchase Contract, the Resolutions, and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the Improvement District or the School District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the School District is a party or by which it is bound or to which it is subject.

(g) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the School District, threatened: (i) in any way affecting the existence of the School District or the Improvement District or in any way challenging the titles of the officials of the School District who are required to execute any contracts, certificates, or official statements in connection with the delivery of the Bonds to their respective offices, or the powers of those offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the levy or collection of taxes by the County required to be collected and applied to pay the principal of and interest and compounded interest on the Bonds, or the application of the proceeds thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Purchase Contract or the Resolutions or contesting the powers of the School District or the Improvement District or the authority thereof with respect to the Bonds, the Improvement District Resolution or the Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the School District or the consummation of the transactions consummated by this Purchase Contract or the Resolutions, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(h) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the Improvement District directly, nor the County on behalf of the School District or the Improvement District, will have issued in the name and on behalf of the School District or the Improvement District any bonds, notes or other

obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(i) Levy of Tax. The School District hereby agrees to take any and all actions as may be required by the County or otherwise necessary in order to arrange for the levy and collection of taxes, payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the School District hereby agrees to provide to the County Treasurer and Tax Collector a copy of the Improvement District Resolution, a copy of Appendix A hereto, and the full debt service schedule for the Bonds, in accordance with Education Code Section 15140(c) and policies and procedures of the County.

(j) Continuing Disclosure. To assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5), the School District, on behalf of the Improvement District, will undertake, pursuant to the Resolutions and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

(k) Certificates. Any certificates signed by any officer of the School District delivered to the Underwriter shall be deemed a representation by the School District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(l) Official Statement Accurate and Complete. The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the final Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The School District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the final Official Statement in reliance upon and in conformity with information furnished in writing to the School District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein.

8. Representations, Warranties and Agreements of the County. The County hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization. The County is a political subdivision duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Act.

(b) Due Authorization. (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into the Purchase Contract, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the Improvement District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the Resolutions, (iii) the execution and delivery or adoption of, and the performance of the County of its obligations contained in the Bonds, the County Resolution and this Purchase Contract have been duly authorized and such authorization shall be in full

force and effect at the time of the Closing; and (iv) this Purchase Contract constitutes a valid and legally binding obligation of the County.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the County shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) No Conflicts. To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Purchase Contract, the County Resolution, and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the County a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject.

(e) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the County or, to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County, or in any way challenging the respective powers of the several offices whose holder is required to execute the Bonds, or any other contracts, or certificates, required to be executed in connection with the delivery of the Bonds, or of the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the levy or collection of taxes contemplated by the Resolutions and pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Purchase Contract or the County Resolution or contesting the powers of the County or its authority with respect to the Bonds, the County Resolution, or the Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the County with respect to the levy and collection of property taxes, the timely payment of debt service on the Bonds or the consummation of the transactions contemplated by this Purchase Contract or the Resolutions, or (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part.

(f) Taxation. Pursuant to the County Resolution and Education Code Section 15410, the County will levy *ad valorem* property taxes in sufficient amounts for the punctual payment of principal of and interest on the Bonds.

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the School District or the Improvement District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) Certificates. Any certificates signed by any officer of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter, but not by the person signing the same, as to the statements made therein.

(i) Official Statement Accurate and Complete. The section of the Preliminary Official Statement entitled "Los Angeles County Investment Pool," as of the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the section of the Final Official Statement entitled "Los Angeles County Investment Pool" did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

9. Representations and Agreements of the Underwriter. The Underwriter represents to and agrees with the County and the School District that, as of the date hereof and as of the date of the Closing:

(a) The Underwriter is duly authorized to execute this Purchase Contract and to take any action under the Purchase Contract required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the County and the School District, and is not prohibited thereby from acting as underwriter with respect to securities of the Improvement District.

(c) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590(c), with the School District or the County with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

(d) The Underwriter has reasonably determined that the School District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 11(e)(12) hereof is sufficient to effect compliance with Rule 15c2-12.

10. Covenants of the School District. The School District covenants and agrees with the Underwriter that:

(a) Securities Laws. The School District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the School District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) Official Statement. The School District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date the Purchase Contract is signed, and in sufficient time to accompany any confirmation that requests payment from any customer, copies of a final Official Statement substantially in

the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the School District in such quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board.

(c) Subsequent Events. The School District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the School District or the Improvement District, respectively, until the date which is ninety (90) days following the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale;

(d) Amendments to Official Statement. For a period of ninety (90) days after the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale, the School District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by the Underwriter, provided that the Underwriter may not unreasonably withhold such approval and that the Underwriter may not object to such amendments or supplements if they result in a correction of the Official Statement; and if any event relating to or affecting the School District or the Improvement District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the School District shall forthwith prepare and furnish (at the expense of the School District) a reasonable number of copies of such amendment or supplement (inform and substance satisfactory to the Underwriter), which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

11. Conditions to Closing. The Underwriter has entered into the Purchase Contract in reliance upon the representations and warranties of the County and the School District contained herein and the performance by the School District or the Improvement District of their obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under the Purchase Contract are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the County, the School District and the Improvement District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and each of the County, the School District, and the Improvement District shall be in compliance with each of the agreements made by it in the Purchase Contract;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, the Purchase Contract, and the Resolutions shall be in full force and effect and shall not have been amended, modified or supplemented except in accordance with Section 10(d) hereto;

and (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect;

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of the Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the School District, pending or threatened which has any of the effects described in Section 7(g) or 8(e) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) Marketability. Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, of the Bonds shall not have been materially adversely affected in the judgment of the Underwriter (evidenced by a written notice to the County and the School District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds;
or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) legislation enacted by the legislature of the State of California (the "State"), or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof,
or

(3) the formal declaration of war by Congress or a new major engagement in or escalation of military hostilities by order of the President of the United States, or the occurrence of any other declared national emergency that interrupts or causes disorder to the operation of the financial markets in the United States for a period of more than 30 days;

(4) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange for a period of more than 30 days;

(5) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(6) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(7) the withdrawal or downgrading of any rating of the Improvement District's or the School District's outstanding indebtedness by a national rating agency;

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; or

(9) the suspension by the SEC of trading in the outstanding securities of the School District, the Improvement District or the County.

(e) Delivery of Documents. At or prior to the date of the Closing, Bond Counsel shall deliver sufficient copies of the documents listed as items 1-12 below, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter, and the Underwriter shall deliver the documents listed as item 13 below:

(1) Bond Opinion. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the Improvement District, in substantially the form set forth in the Preliminary Official Statement and the Official Statement.

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the approving opinion described in (e)(1) above;

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel in form and substance satisfactory to the Underwriter, dated the

Closing Date and addressed to the Improvement District and the Underwriter, to the effect that:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions "INTRODUCTION," "THE BONDS" (excluding any and all information contained under the subheading "-- Bond Insurance"), "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING IMPROVEMENT DISTRICT REVENUES AND APPROPRIATIONS," and "TAX MATTERS," to the extent they purport to summarize certain provisions of the Resolutions, the Continuing Disclosure Certificate, and California law or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to any financial or statistical data, information concerning the Depository Trust Company or related to its book-entry only system, or any information concerning the Insurer or the Policy (as such terms are defined in the Official Statement) contained therein;

(ii) assuming due authorization, execution and delivery by all the parties thereto, the Continuing Disclosure Certificate, and this Purchase Contract have each been duly authorized, executed and delivered by the respective parties thereto and constitute legal, valid and binding agreements of the Improvement District are enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the state of California; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(4) Disclosure Counsel Opinion. The opinion of Stradling Yocca Carlson & Rauth, dated the Closing Date and addressed to the Improvement District, to the effect that based on such counsel's participation in conferences with representatives of the Underwriter, the School District and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the Improvement District that, during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, Appendices A, B, and E through G, or any information about the Insurer, the Insurance Policy, or DTC or its book-

entry only system included therein, as to which such counsel need express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) Certificates of the County. Certificates signed by appropriate officials of the County to the effect that (i) such officials are authorized to execute the Purchase Contract, (ii) the representations and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has complied with all the terms of the County Resolution and the Purchase Contract, which are necessary to be complied with prior to or concurrently with the Closing and such documents are in full force and effect, and (iv) the Bonds being delivered on the date of the Closing to the Underwriter under the Purchase Contract substantially conform to the descriptions thereof contained in the County Resolution;

(6) Certificates of the School District. Certificates signed by appropriate officials of the School District, on behalf of the Improvement District, to the effect that (i) such officials are authorized to execute the Purchase Contract, (ii) the representations and warranties of the School District herein are true and correct in all material respects as of the date of Closing, (iii) the School District has complied with all the terms of the Improvement District Resolution and the Purchase Contract, which are necessary to be complied with prior to or concurrently with the Closing and such documents are in full force and effect, and (iv) the School District has reviewed the Official Statement and on such basis certifies that the Official Statement (excluding therefrom information regarding DTC and its book-entry only system, information regarding a policy of municipal bond insurance and the provider thereof, information regarding the initial offering of the Bonds and accreted values of the Bonds (if applicable), and information regarding the investment portfolio, policies, practices and valuation procedures of the County, as to which no view is expressed) does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) Arbitrage. A non-arbitrage certificate of the School District in a form satisfactory to Bond Counsel;

(8) Municipal Bond Insurance. Evidence satisfactory to the Underwriter that the timely payments of all debt service on the Bonds shall have been unconditionally guaranteed by a policy of municipal bond insurance issued by _____ (the "Insurer").

(9) Ratings. Evidence satisfactory to the Underwriter that (i) the Bonds shall have been rated "___" by Standard & Poor's Ratings Services ("S&P") and "___" by Moody's Investors Service ("Moody's") as a result of municipal bond insurance provided by the Insurer, (ii) that the Bonds have received underlying ratings of "___" from S&P and "___" from Moody's, and (iii) that any such ratings have not been revoked or downgraded;

(10) Improvement District Resolution. A certificate, together with copies of the Improvement District Resolution, of the Clerk of the School District Board of Education to the effect that:

(i) such copies are true and correct copies of the Improvement District Resolution; and

(ii) that the Improvement District Resolution was duly adopted and has not been amended or rescinded and is in full force and effect on the date of the Closing.

(11) County Resolution. A certificate, together with copies of the County Resolution, of the Clerk of the County Board of Supervisors to the effect that:

(i) such copies are true and correct copies of the County Resolution; and

(ii) the County Resolution was duly adopted and has not been amended or rescinded and is in full force and effect on the date of the Closing;

(12) County Counsel Opinion. An opinion of Counsel to the County in substantially the form attached hereto as Appendix C;

(13) Continuing Disclosure Certificate. A Continuing Disclosure Certificate in substantially the form given in the Preliminary Official Statement.

(14) Official Statement. A certificate of the appropriate official of the School District evidencing his or her determinations with respect to the Preliminary Official Statement in accordance with the Rule.

(15) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence (i) compliance by the County and the School District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the County and the School District contained herein or in the Official Statement, and (iii) the due performance or satisfaction by the County and the School District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the School District; and

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the School District to the Underwriter, as provided in Section 6 hereof, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the School District and the Underwriter under Section 11 hereof.

If the County and/or the School District shall be unable to satisfy the conditions to the Underwriter's obligations contained in the Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by the Purchase Contract, the Purchase Contract may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such

cancellation shall be given to the County and the School District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County and the School District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

12 Conditions to Obligations of the County and the School District. The performance by the County and the School District of their obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the School District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the County and the School District.

13. Expenses. (a) From the amount retained by the Underwriter pursuant to Section 1 hereof, and only from such amount, the Underwriter shall pay the following expenses up to the amount of \$ _____: (i) the cost of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings; (v) the cost of the printing and distribution of the Official Statement; (vi) the initial fees of the paying or fiscal agent, if any; (vii) the fees and expenses of the County with respect to its participation in the issuance of the Bonds (viii) the bond insurance premium; (ix) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Bonds; and (x) all other fees and expenses incident to the issuance and sale of the Bonds. The balance of any costs of issuance not paid by the Underwriter shall be paid by the School District. In the event that following payment of (1) the expenses set forth above and (2) the Underwriter's discount as shown in Section 1 hereof, there is any portion of the amount retained by the Underwriter to pay costs of issuance remaining with the Underwriter, the Underwriter shall remit such remaining amount to the School District and the School District shall deposit such amount into the Debt Service Fund. At the time that all costs of issuance are paid, the Underwriter shall provide the School District with a complete accounting of the payments made by the Underwriter and any amounts remaining after all payments have been made.

(b) In addition to the above expenses, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, travel and other expenses (except as provided above) without limitation.

(c) Notwithstanding Section 11(f) hereof, the School District hereby agrees, in the event the purchase and sale of the Bonds does not occur as contemplated hereunder, to reimburse the Underwriter for any costs described in Subsection 13(a)(ix) above that are attributable to School District personnel.

14. Notices. Any notice or other communication to be given under the Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the Treasurer and Tax Collector, County of Los Angeles, 500 West Temple Street, 437 Kenneth Hahn Hall Administration, Los Angeles, California 90012; or if to the School District, on behalf of the Improvement District, to Superintendent, Alhambra Unified School District, 1515 West Mission Road, Alhambra, California 91803; or if to the Underwriter, to George K. Baum & Company, 660 J Street, Suite 460, Sacramento, California 95814.

15. Parties in Interest; Survival of Representations and Warranties. The Purchase Contract when accepted by the School District in writing as heretofore specified shall constitute the entire agreement among the County, the School District and the Underwriter (including the successors or assigns of the Underwriter). This Purchase Contract is made solely for the benefit of the County, the School District and the Underwriter. No other person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the County and the School District in the Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, and (b) delivery of and payment by the Underwriter for the Bonds hereunder.

16. Severability. In the event any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

17. Nonassignment. Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior consent of the other party hereto.

18. Execution in Counterparts. The Purchase Contract may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

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19. Applicable Law. The Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

GEORGE K. BAUM & COMPANY

By: _____
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written:

COUNTY OF LOS ANGELES

By: _____
Treasurer and Tax Collector
County of Los Angeles

Approved as to Form:

RAYMOND G. FORTNER, JR., COUNTY COUNSEL

By: _____
Principal Deputy County Counsel

ALHAMBRA UNIFIED SCHOOL DISTRICT

By: _____
Chief Operating Officer

APPENDIX A

\$ _____
**ALHAMBRA UNIFIED SCHOOL DISTRICT
ELEMENTARY SCHOOLS IMPROVEMENT DISTRICT
(Los Angeles, California)
Election of 2008 General Obligation Bonds, Series A**

\$ _____ **Current Interest Serial Bonds**

<u>Maturity</u> <u>August 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
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\$ _____ % **Current Interest Term Bonds due August 1, 20__** – **Yield** ____ %

\$ _____ **Capital Appreciation Serial Bonds**

<u>Maturity</u> <u>August 1</u>	<u>Denominational</u> <u>Amount</u>	<u>Accretion</u> <u>Rate</u>	<u>Yield to</u> <u>Maturity</u>	<u>Final</u> <u>Accreted Value</u>
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Redemption Provisions:

Optional Redemption. The Current Interest Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Current Interest Bonds maturing on or after August 1, 20__, may be redeemed prior to maturity, at the option of the School District, in whole or in part, on any day on or after August 1, 20__ at a redemption price equal to the principal amount of such Current Interest Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Capital Appreciation Bonds are not subject to optional redemption prior to their fixed maturity dates.

Mandatory Redemption. The Current Interest Term Bonds maturing on August 1, 20__ are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

Redemption Date (August 1)	Principal Amount
20__	
20__ ⁽¹⁾	
	Total:

⁽¹⁾ Final Maturity

APPENDIX B

OPINION OF COUNTY COUNSEL

§ _____

ALHAMBRA UNIFIED SCHOOL DISTRICT
ELEMENTARY SCHOOLS IMPROVEMENT DISTRICT
(Los Angeles, California)
Election of 2008 General Obligation Bonds, Series A

Ladies and Gentlemen

This opinion is rendered as counsel to the County of Los Angeles (the "County") in connection with the issuance by the Alhambra Unified School District Elementary Schools Improvement District (the "Improvement District") of its Election of 2008 General Obligation Bonds, Series A in the aggregate principal amount of \$_____ (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on _____, 2009 (the "County Resolution"), at the request of the Alhambra Unified School District (the "School District") acting as the Governing Board of the Improvement District, and made pursuant to a resolution adopted by the Board of Education of the School District on _____, 2009.

In rendering this opinion, we have examined the County Resolution and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with respect to the laws of the State of California (the "State"), we are of the opinion, as of the date hereof, that:

1. The County is a political subdivision duly organized and existing pursuant to the Constitution and the laws of the State of California.

2. The County Resolution approving and authorizing the execution and delivery of the Purchase Contract, and the issuance of the Bonds was duly adopted at a meeting of the governing body of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, has not been modified, amended, rescinded or revoked and is in full force and effect on the date hereof.

3. To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, pending before or by any court, government agency, public board or body, in which service of process has been completed or threatened against the County (a) affecting the existence of the County or the titles of its officers who have acted with respect to the proceedings for issuance and sale of the Bonds to their respective officers; (b) seeking to prohibit, restrain or enjoin the execution of the Purchase Contract or the issuance of the Bonds or in any way contesting or affecting the validity or enforceability of the Bonds, the Purchase Contract, or the

County Resolution; (c) contesting the powers of the County or its authority to enter into, adopt or perform its obligations under the County Resolution or the Purchase Contract; or (d) seeking to restrain or enjoin the levy or collection of tax revenues pledged for payment of the Bonds.

4. The Purchase Contract has been duly authorized, executed and delivered by the County and the Bonds have been duly authorized by the County, executed by the County on behalf of the School District and delivered by the County and, assuming due authorization, execution and delivery by the other parties thereto, the Purchase Contract will constitute the legal, valid and binding agreement of the County enforceable against the County in accordance with its terms.

With respect to the opinions we have expressed, enforcement of the rights and obligations under the County Resolution, the Purchase Contract and the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles if equitable remedies are sought, and by limitations on legal remedies imposed in actions against public entities in the State. We express no opinion as to the availability of equitable remedies in connection with enforcement of the County Resolution, the Purchase Contract or the Bonds.

Very truly yours,

RAYMOND G. FORTNER, JR.
COUNTY COUNSEL

By: _____
Principal Deputy County Counsel

**ALHAMBRA UNIFIED SCHOOL DISTRICT
ELEMENTARY SCHOOLS IMPROVEMENT DISTRICT**

RESOLUTION NO. 08-09-28

RESOLUTION OF THE BOARD OF EDUCATION OF THE ALHAMBRA UNIFIED SCHOOL DISTRICT ACTING AS THE GOVERNING BOARD OF THE ALHAMBRA UNIFIED SCHOOL DISTRICT ELEMENTARY SCHOOLS IMPROVEMENT DISTRICT, AUTHORIZING THE ISSUANCE OF ALHAMBRA UNIFIED SCHOOL DISTRICT ELEMENTARY SCHOOLS IMPROVEMENT DISTRICT (COUNTY OF LOS ANGELES, CALIFORNIA) ELECTION OF 2008 GENERAL OBLIGATION BONDS, SERIES A.

WHEREAS, a duly called municipal election (the "Election") was held in the Alhambra Unified School District Elementary Schools Improvement District, Los Angeles County, State of California (hereinafter referred to as the "Improvement District"), on November 4, 2008 and thereafter canvassed pursuant to law;

WHEREAS, at such Election there was submitted to and approved by an affirmative vote of the requisite fifty five percent of the qualified electors of the Improvement District a question as to the issuance and sale of general obligation bonds of the Improvement District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of \$50,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the Improvement District (the "Authorization");

WHEREAS, at this time this Board of Education (the "School Board") of the Alhambra Unified School District (the "School District"), acting as the Governing Board for the Improvement District (the "Board") has determined that it is necessary and desirable to request the issuance of the first series of bonds under the Authorization, in an aggregate principal amount not to exceed \$50,000,000, and to be styled as "Alhambra Unified School District Elementary Schools Improvement District (Los Angeles County, California) Election of 2008 General Obligation Bonds, Series A (the "Bonds");

WHEREAS, pursuant to Chapters 1.5 and 2 of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (the "Act"), the Bonds are authorized to be issued for the purposes set forth in the ballot submitted to voters at the Election; and

WHEREAS, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the Improvement District, and the indebtedness of the Improvement District, including this proposed issue of the Bonds, is within all limits prescribed by law; and

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE ALHAMBRA UNIFIED SCHOOL DISTRICT ELEMENTARY SCHOOLS IMPROVEMENT DISTRICT, COUNTY OF LOS ANGELES, CALIFORNIA, AS FOLLOWS:

Section 1. Purpose. That for the purpose of raising money for the purposes authorized by voters of the Improvement District at the Election and to pay all necessary legal, financial and contingent costs in connection with the issuance of the Bonds, this Board hereby petitions the Board of Supervisors (the "County Board") of the County of Los Angeles (the "County") to authorize the issuance of the Bonds in the name of the Improvement District and subject to the terms of the Act, and to order such Bonds sold at a negotiated sale such that the Bonds shall be dated as of a date to be determined by said County Board, shall bear interest at a rate not to exceed that authorized at the Election, and shall be payable upon such terms and provisions as shall be set forth in the Bonds and shall be in an aggregate principal amount not to exceed \$50,000,000. The Board hereby approves the sale of the Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for George K. Baum & Company (the "Underwriter") to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the Improvement District's goal of achieving the lowest overall cost of funds. The Board estimates that the costs associated with the issuance of the Bonds, including compensation to the Underwriter and any such costs which the Underwriter agrees to pay pursuant to the Purchase Contract, will equal approximately 2.5% of the principal amount of the Bonds.

Section 2. Paying Agent. This Board does hereby authorize the appointment of the Treasurer and Tax Collector of the County as the authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Bond Registrar") for the Bonds on behalf of the Improvement District.

Section 3. Arbitrage Covenant. The Improvement District hereby covenants that it shall not, directly or indirectly, use or permit the use of any proceeds of any of the Bonds, or of any property financed or refinanced thereby, or other funds of the Improvement District, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code"). To that end, the Improvement District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Bonds.

Section 4. Legislative Determinations. This Board determines that all acts and conditions necessary to be performed by the Board and the School Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the Improvement District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

Section 5. Official Statement. The Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Secretary of the School Board is hereby approved and the Superintendent, the Deputy Superintendent or the Chief Operating Officer of the School District, or a designated deputy thereof (the "Authorized Officers"), each alone, are hereby authorized and directed, for and in the name and on behalf of the Improvement District, to deliver such Preliminary Official Statement to the Underwriter to be used in connection with the offering and sale of the Bonds. The School District and the Underwriter are hereby authorized to distribute copies of the Preliminary Official Statement and the Official Statement to persons who may be interested in the purchase of the Bonds and are directed to deliver copies of any final Official Statement to the purchaser of the Bonds,

in such time and manner as to conform with the requirements of Rule 15c2-12 of the Securities and Exchange Commission. Execution of the Official Statement shall conclusively evidence the Improvement District's approval of the Official Statement. The Authorized Officers are authorized to execute the final Official Statement on behalf of the Improvement District and to deem "final" pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934 the Preliminary Official Statement prior to its distribution.

Section 6. Purchase Contract. The form of Purchase Contract (the "Purchase Contract") by and among the Improvement District, the County and the Underwriter, for the purchase and sale of the Bonds, substantially in the form on file with the Secretary of the School Board, is hereby approved and the Authorized Officers are hereby authorized to execute such Purchase Contract, but with such changes therein, deletions therefrom and modifications thereto as such Authorized Officers shall approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that the maximum interest rate on the Bonds shall not exceed that authorized at the Election and the Underwriter's discount shall not exceed 1.10% of the aggregate of principal amount of Bonds so issued. The Authorized Officers are further authorized to determine the principal amount of the Bonds to be specified in the Purchase Contract for sale by the Improvement District up to \$50,000,000 and to enter into and execute the Purchase Contract with the Underwriter, if the conditions set forth in this Resolution are satisfied.

Section 7. Continuing Disclosure. The Improvement District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the Improvement District and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Any holder of any Bond may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Improvement District to comply with its obligations under this Section. Noncompliance with this Section shall not result in acceleration of the Bonds.

Section 8. Authorized Actions. Officers of the School Board and officials and staff of the School District and the Improvement District are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

Section 9. Professional Services. The Board hereby appoints Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California as Bond Counsel and Disclosure Counsel in connection with the issuance of the Bonds. The Board also hereby appoints George K. Baum & Company, Sacramento, California as Underwriter in connection with the issuance of the Bonds.

Section 10. Recitals. All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

Section 11. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 27th day of January, 2009, by the following vote:

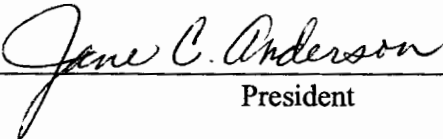
AYES: 5

NOES:

ABSENT:

ABSTENTIONS:

BOARD OF EDUCATION OF THE ALHAMBRA
UNIFIED SCHOOL DISTRICT ACTING AS THE
GOVERNING BOARD OF THE ALHAMBRA
UNIFIED SCHOOL DISTRICT ELEMENTARY
SCHOOLS IMPROVEMENT DISTRICT



President

ATTEST:



Secretary

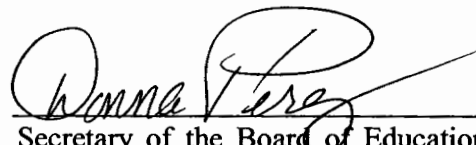
I, Donna M. Perez, do hereby certify that the foregoing is a true and correct copy of Resolution No. 08-09-28 which was duly adopted by the Board of Education of the Alhambra Unified School District acting as the Governing Board of the Alhambra Unified School District Elementary Schools Improvement District at meeting thereof held on the 27th day of January 2009, and that it was so adopted by the following vote:

AYES: 5

NOES:

ABSENT:

ABSTENTIONS:


Secretary of the Board of Education of the
Alhambra Unified School District Acting as
the Governing Board of the Alhambra
Unified School District Elementary Schools
Improvement District